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Bangkok's 95.

Inter-agency discussions here have resulted in view that evidence still insufficient to establish that GRC has resumed control over ChiNat irregulars in Burma-Thai border area and is currently training cadres in Thailand for sabotage and intelligence operations through Burma into Yunnan. Furthermore, we note General Ne Win's refusal or inability to produce evidence in July 30 talk with Ambassador Byroade (Rangoon's 78) that GRC supporting ChiNat build-up in ~~Xxxxxx~~ Thailand as claimed earlier by Perm Secy Soe Tin (Rangoon's 56).

Nevertheless, we believe that the dangers inherent in another build-up similar to 1959-60 case in Burma have been compounded by current potential of expansion of war in SEA to Burma's eastern border. ChiComs have precedent established by joint Sino-Burmese military operations against ChiNat irregulars in 1960-61 and would not hesitate to try to pressure RGUB into taking similar action again, if level of effective ChiNat irregular activities in Burma were to rise precipitously. Reliable reports on July 10-12 Chou-Ne Win talks in

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Rangoon confirms that ChiComs deeply interested in keeping Burma's eastern Shan State free of "enemy" threats or operations. We believe Chou made it clear that they would have to move into area, if RGUB were to countenance activities inimical to ChiComs or be unable to prevent them.

Therefore, we still believe it would be worthwhile approaching RTG, at appropriate time and level, as Emb Bangkok suggests, and also GRC. Bangkok and Taipei could use pretext of U.S.-RGUB discussions in Rangoon wherein FonOff at highest levels has complained of alleged GRC support for "legitimate KMTs" (as distinct from undisciplined irregular remnants not interested in paramilitary operations) directed by GRC representatives in Bangkok. Area of activity and general nature of alleged current operations without further identification of sources could be revealed to Thais.

Suggest Embassy Taipei mention our awareness rumors in Thailand concerning increased irregular activities but without now going into detail or directly accusing GRC of violating its past assurances to us ~~x~~ on this subject. Our concern over possibility that build-up could result in movement ChiCom troops into part of Burma bordering on Thailand should be made clear to both RTG and GRC.

In both approaches it should be made clear that activities about which we are concerned are paramilitary operations, not rpt not clandestine intelligence operations.

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RUSK

END